Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Message Text

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PAGE 01 STOCKH 05073 011155Z
ACTION EUR-12

INFO OCT-01 AF-10 IO-14 ISO-00 CIAE-00 COME-00 EB-08
INR-07 LAB-04 NSAE-00 SIL-01 DODE-00 PM-05 H-02
L-03 NSC-05 PA-02 PRS-01 SP-02 SS-15 USIA-15
HA-05 /112 W
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R 011006Z DEC 77
FM AMEMBASSY STOCKHOLM
TO SECSTATE WASHDC 2434
INFO USMISSION USUN NEW YORK
AMEMBASSY PRETORIA

UNCLAS STOCKHOLM 5073

E.O. 11652: N/A
TAGS: ELAB, SW, SF
SUBJECT: LABOR UNIONS PROPOSE DISMANTLING OF SWEDISH BUSINESS IN SOUTH AFRICA

1. THE SWEDISH CONFEDERATION OF TRADE UNIONS (LO) AND THE CENTRAL ORGANIZATION OF SALARIED EMPLOYEES (TCO), REPRESENTING RESPECTIVELY SWEDEN'S BLUE COLLAR AND WHITE COLLAR WORKERS, ARE DEMANDING THAT THE GOS BEGIN DISCUSSIONS WITH APPROPRIATE SWEDISH BUSINESS REPRESENTATIVES LEADING TO COMPLETE LIQUIDATION OF SWEDISH BUSINESS INVOLVEMENT IN SOUTH AFRICA. LABOR'S POSITION HAS BEEN MADE KNOWN IN A JOINT LO/TCO LETTER DATED NOVEMBER 28 TO THE MINISTER OF TRADE.

2. LABOR'S ACTION WAS TOUCHED OFF BY RECENT SOUTH AFRICAN DECISION TO COMPEL BUSINESS OPERATING IN SOUTH AFRICA, INCLUDING FOREIGN COMPANIES, TO PRODUCE WAR MATERIAL IN TIME OF EMERGENCY.

3. GOS IS PRESENTLY STUDYING WHOLE QUESTION OF SWEDISH INVESTMENT IN SOUTH AFRICA AND NAMIBIA AS A PRELUDE TO
UNCLASSIFIED

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PAGE 02 STOCKH 05073 011155Z

DISCUSSION WITH BUSINESS COMMUNITY. INITIAL GOAL OF PROPOSED DISCUSSIONS WAS TO BRING ABOUT A HALT TO ANY NEW INFUSIONS OF SWEDISH INVESTMENTS. LEGISLATION TO THIS EFFECT IS EXPECTED TO PASS RIKSDAG EARLY NEXT YEAR. LABOR NOW DEMANDING THAT ENTIRE STUDY/CONSULTATION PROCESS BE EXPEDITED AND COMPLETE LIQUIDATION OPTION NOW BE FACTORED IN.

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4. COMMENT: UN AMBASSADOR YOUNG ON RECENT SWING THROUGH STOCKHOLM RECEIVED FULL BRIEFING FROM LABOR OFFICIALS ON THEIR SOUTH AFRICAN PROGRAMS. LABOR PRESSURES UNTIL NOW WERE GEARED TOWARD PROVIDING SOUTH AFRICAN BLACKS EMPLOYED BY SWEDISH FIRMS WITH TRADE UNION EDUCATION, EQUAL PAY AND EQUAL TREATMENT, WHILE STIMULATING A GOVERNMENT-BUSINESS DIALOGUE IN STOCKHOLM. NEW SOUTH AFRICAN LEGISLATION MAY WELL BE LAST STRAW FOR SWEDISH LABOR, WHOSE INTENSITY OF FEELING ON SOUTH AFRICAN ISSUE CANNOT BE UNDERESTIMATED.

5. ALTHOUGH SOUTH AFRICAN TRADE AND INVESTMENT IS NOT PARTICULARLY IMPORTANT TO SWEDISH ECONOMY, SWEDISH FIRMS DO HAVE AN ESTIMATED 500,000,000 KRONOR (OVER $100,000,000) INVESTED IN SOUTH AFRICA SPREAD AMONG 25 FIRMS WITH 4,500 EMPLOYEES. THESE COMPANIES, WHICH DID 740,000,000 KRONOR IN BUSINESS LAST YEAR, CANNOT BE EXPECTED VOLUNTARILY TO SURRENDER THEIR INTERESTS IN SOUTH AFRICA. ANY ATTEMPT AT GOVERNMENT COMPULSION WILL ALMOST CERTAINLY BE MET BY STIFF DEMANDS FOR COMPENSATION. THIS CANNOT BE A HAPPY PROSPECT FOR A GOVERNMENT TRYING TO FIND ITS WAY THROUGH THE MOST DIFFICULT ECONOMIC SITUATION SWEDEN HAS FACED IN THE POST-WAR PERIOD.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LOBBYING, LABOR UNIONS, CLOSURE OF OFFICES
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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Disposition Event:
Disposition History: n/a
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Disposition Remarks:
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Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
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Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
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Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 109681
Secure: OPEN
Status: NATIVE
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TAGS: ELAB, SW, SF
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/aae7cefb-c188-dd11-92da-001cc4696bcc
Review Markings:
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US Department of State
EO Systematic Review
22 May 2009
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